

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 PA-01

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 7744

C O N F I D E N T I A L CAIRO 11246

FROM AMCONGEN ALEXANDRIA

EO 11652: GDS

TAGS: EWWT, EG

SUBJECT: ALEXSHIP DISPUTE WITH MARTRANS

REF: STATE 235940 AND CAIRO 10955

1. BEGIN UNCLASSIFIED -- LEGAL SITUATION OF ALEXANDRIA SHIPPING AND NAVIGATION COMPANY ALEXSHIP) IN DISPUTE WITH GOE ORGANIZATION FOR MARITIME TRANSPORT (MARTRANS) IS ESSENTIALLY AS DESCRIBED IN CAIRO 5720 AND ALEXANDRIA A-039. ENGLISH LANGUAGE COPIES OF COURT ORDERS WILL BE POUCHED TO DEPT.

2. IN RESPONSE TO SPECIFIC QUESTIONS OF REF DEPTTEL:

A. ALEXSHIP MAY ACT AS AMERICAN EXPORT LINES AGENT IN EGYPT. NEWLY INAUGURATED CARGO SERVICE TO US PORTS (CAIRO REFTTEL) IS "JOINT SERVICE" WITH AMEX.

B. YES, MARTRANS WAS INSTRUCTED (SEPARATELY FROM LEGAL POINTS DECIDED IN ALEXSHIP'S FAVOR) THAT IT MUST OFFER ALEXSHIP CARGOES ITS OWN VESSELS CANNOT CARRY BEFORE OFFERING TO NON-EGYPTIAN CARRIERS. COMMENT: FIRST SUCH OFFER WAS MADE OCTOBER 30 AS DIRECT OUTCOME LATEST ROUND IN
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DISPUTE OUTLINE BELOW.

C. NO, MARTRANFADOES NOT RPT NOT CONTROL BOOKINGS FOR ALLNMRAGE BETWEEN US AND EGYPT. COURT ORDER SPECIFIES ALEXSHIP MAY "DIRECTLY ENTER INTO AGREEMENT" WITH COMPANIES AND GOVERNMENT ADMINISTRATIONS "WITHOUT INTERFERENCE OF ANY OTHER AUTHORITY OF MARINE TRANSPORT SECTOR IN EGYPT."

D. NOT APPLICABLE.

E. NOT DIRECTLY APPLICABLE, SINCE US SHIPPERS COULD OFFER CARGO DIRECTLY TO ALEXSHIP. HOWEVER, IF ALEXSHIP COULD NOT HANDLE, PRESUMABLY WHAT REMAINS OF MARTRANS MONOPOLY WOULD REQUIRE THEY BE OFFERED CARGO BEFORE ANY NON-EGYPTIAN VESSEL.

3. FROM ALEXSHIP PRESIDENT MAHMOUD ISMAIL, WE LEARN THAT MINISTER AND MARTRANS HAVE APPEALED LOWER COURT DECISIONS TO "SUPREME ADMINISTRATIVE COURT," AND HAD BEEN REFUSING TO CARRY OUT EARLIER JUDGMENT. ON OCTOBER 18, ALEXSHIP'S LAWYER WROTE TO MINISTER AND TO MARTRANS DIRECTOR THREATENING TO HAVE THEM "INTERNEED" (I.E., JAILED) FOR FAILURE CARRY OUT COURT ORDER. END UNCLASSIFIED.

4. BEGIN CONFIDENTIAL -- ISMAIL CLAIMS MINISTER WAS TO BE "INTERNEED" OCTOBER 25, BUT ON THAT DATE HE SIGNED LETTER TO MARTRANS DIRECTOR ORDERING HIM COMPLY WITH COURT ORDER "PENDING OUTCOME OF APPEAL", AND ALSO WROTE ALEXSHIP INFORMING COMPANY OF THIS ORDER. ISMAIL GAVE US COPY OF THIS LETTER (TRANSLATED TEXT WILL BE SENT DEPT). ON OCTOBER 30 MARTRANS FORWARDED OFFER TO ALEXSHIP TO CARRY FRUIT FROM NORTHERN EUROPE IN ABSENCE MARTRANS SHIPPING, FIRST SUCH COMPLIANCE SINCE AUGUST 6 COURT ORDER.

5. ISMAIL SAID PRESIDENT SADAT HAD PERSONALLY ASSURED HIM THAT ANY GOVERNMENT SERVANT, INCLUDING MINISTER, WHO FAILED CARRY OUT LAWFUL COURT ORDER COULD BE JAILED.

COMMENT - ISMAIL, AS NOTED PREVIOUSLY, IS GREAT NAME-CONFIDENTIAL

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DROPPER. WE CANNOT JUDGE AUTHENTICITY THIS STATEMENT - END COMMENT. ISMAIL SAYS MARITIME TRANSPORT MINISTER FAHMY IS AWARE OF THIS PRESIDENTIAL VIEW, HENCE HIS HASTY COMPLIANCE WHEN THREATENED WITH JAIL.

6. AL AHRAH NEWSPAPER FOR NOVEMBER 3 CARRIES BRIEF EXCHANGE OF OPPOSING JURIDICAL VIEWS AS TO WHETHER A GOVERNMENT MINISTER IS RESPONSIBLE, AS COMPANY DIRECTORS ARE

HELD TO BE, FOR FAILURE OF UNDERLING TO COMPLY WITH COURT ORDER OR FOR SUCH ACTIONS LIALBE TO PANALTY. NO STAND IS TAKEN, BUT ISMAIL CLAIMS IT WAS HIS PURSUIT OF FAHMY THAT RAISED QUESTION.

7. ISMAIL ALSO SHOWED US LETTER FROM PRESIDENCY IN RESPONSE TO AN INVITATION FROM HIM, SPECIFICALLY STATING THAT "THE PRESIDENT OF THE REPUBLIC HAS DIRECTED THAT THE MINISTER OF MARITIME TRANSPORT REPRESENT HIM AT THE CEREMONIES MARKING INAUGURATION" OF ALEXSHIP ROUTE (CAIRO REFTEL). ON DAY, FAHMY PLEASED ILLNESS AND GOVERNOR OF ALEXANDRIA SUBSTITUTED FOR HIM.

8. AS DEPT REFTEL NOTES, THIS IS COMPLICATED DISPUTE. ISMAIL CALLS IT "FIGHT TO DEATH" WITH MARTRANS AND MINISTER. IN LIGHT OF SADAT'S CLEARLY STATED "OPEN ECONOMIC DOOR POLICY" AND JUDICIAL DECISIONS TO DATE, WE ARE FORCED TO CONCLUSION THAT BASIC PROBLEM INVOLVES BUREAUCRATIC STUBBORNESS POSSIBLY ABETTED BY UNRECONSTRUCTED NASSER SOCIALISTS STILL IN PLACE.

9. QUESTIONS AND COMMENTS ON PARA 6 DEPT REFTEL FOLLOW SEPTTEL. SIGNED CHASE.
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